

AUDITING PROCEDURES REPORT

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Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input checked="" type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name <u>Village of Caro</u>	County <u>Tuscola</u>
Audit Date <u>6-30-05</u>	Opinion Date <u>8-12-05</u>	Date Accountant Report Submitted to State: <u>12/1/05</u>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ yes ☐ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			X
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) <u>Anderson, Tuckey, Bernhardt & Doran, P.C.</u>			
Street Address <u>715 E. Frank St.</u>	City <u>Caro</u>	State <u>MI</u>	ZIP <u>48723</u>
Accountant Signature <u>James B. Doran, CPA</u>			

VILLAGE OF CARO

REPORT ON FINANCIAL STATEMENTS
(With Additional Information)

June 30, 2005

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ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.

Certified Public Accountants



Gary R. Anderson, CPA
Jerry J. Bernhardt, CPA
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August 12, 2005

Robert L. Tuckey, CPA
Valerie Jamieson Hartel, CPA
Jamie L. Peasley, CPA

REPORT OF INDEPENDENT AUDITORS

Honorable Village Council
Village of Caro
Caro, Michigan 48723

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Village of Caro, as of and for the year ended June 30, 2005, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information for the primary government of Village of Caro, as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

The management's discussion and analysis on pages I through VII and budgetary comparison information on pages 20 - 23 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Caro's basic financial statements. The additional information on pages 24 and thereafter is presented for purposes of additional analysis and are not a required part of the basic financial statements. This additional information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Anderson, Tuckey, Bernhardt & Doran, P.C.

ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

VILLAGE OF CARO, MICHIGAN

Management's Discussion and Analysis

Our discussion and analysis of the Village of Caro's financial performance provides an overview of the Village's financial activities for the fiscal year ended June 30, 2005. Please read it in conjunction with the Village's financial statements.

Financial Highlights

As discussed in further detail in this discussion and analysis, the following represents the most significant financial highlights for the year ended June 30, 2005:

- The fund balance in the General Fund increased from \$727,096 to \$733,422. This increase resulted from a decrease in expenditures.
- State-shared revenue, the Village's second largest General Fund revenue source, was reduced by the State of Michigan by \$21,701 representing a 4.7% decrease from the prior fiscal year. However, the \$444,502 received from the State of Michigan was below the budgeted projection by \$4,738.
- The M-81 street project was substantially complete as of June 30, 2005. Costs were expected to exceed \$4.7 million with the local share being approximately \$850,000.

Using This Annual Report

This annual report consists of a series of financial statements. The statement of net assets and the statement of activities provide information about the activities of the Village as a whole and present a longer-term view of the Village's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year, and whether the taxpayers have funded the full cost of providing government services.

The fund financial statements present a short-term view; they tell us how the taxpayers' resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the Village's operations in more detail than the government-wide financial statements by providing information about the Village's most significant funds.

VILLAGE OF CARO, MICHIGAN

Management's Discussion and Analysis

The Village as a Whole

The following table shows, in a condensed format, the net assets as of June 30, 2005:

	Governmental Activities	Business-Type Activities	Component Unit	Total
Current assets	\$ 1,578,309	\$ 812,443	\$ 37,607	\$ 2,428,359
Noncurrent assets	9,745,884	9,700,881	1,895,557	21,342,322
Total assets	11,324,193	10,513,324	1,933,164	23,770,681
Current liabilities	201,426	235,780	80,269	517,475
Long-term liabilities	321,033	1,815,549	805,355	2,941,937
Total liabilities	522,459	2,051,329	885,624	3,459,412
Net assets:				
Invested in capital assets -				
Net of related debt	9,371,571	-	1,010,686	10,382,257
Contributed capital	92,286	5,683,838	-	5,776,124
Restricted	314	-	-	314
Unrestricted (deficit)	1,337,563	2,778,157	36,854	4,152,574
Total net assets	<u>\$10,801,734</u>	<u>\$8,461,995</u>	<u>\$1,047,540</u>	<u>\$20,311,269</u>

The Village's combined net assets increased from \$16,447,711 a year ago to \$20,311,269.

Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations ended the fiscal year with a balance of \$1,337,563 in the governmental activities.

VILLAGE OF CARO, MICHIGAN

Management's Discussion and Analysis

The following table shows, in a condensed format, the net assets as of June 30, 2004 were:

	Governmental Activities	Business-Type Activities	Component Unit	Total
Current assets	\$ 1,891,076	\$ 821,625	\$ 220,302	\$ 2,933,003
Noncurrent assets	6,305,559	9,597,586	1,530,778	17,433,923
Total assets	8,196,635	10,419,211	1,751,080	20,366,926
Current liabilities	271,150	237,849	75,511	584,510
Long-term liabilities	453,975	2,005,759	874,971	3,334,705
Total liabilities	725,125	2,243,608	950,482	3,919,215
Net assets:				
Invested in capital assets -				
Net of related debt	5,806,246	-	580,770	6,387,016
Contributed capital	92,285	5,672,439	-	5,764,724
Restricted	311	-	-	311
Unrestricted (deficit)	1,572,668	2,503,164	219,828	4,295,660
Total net assets	<u>\$ 7,471,510</u>	<u>\$ 8,175,603</u>	<u>\$ 800,598</u>	<u>\$16,447,711</u>

VILLAGE OF CARO, MICHIGAN

Management's Discussion and Analysis

The following table shows the changes of the net assets for the year ended June 30, 2005:

	Governmental Activities	Business-Type Activities	Component Unit	Total
Net Assets - Beginning of year – (as adjusted)	\$ 8,380,758	\$8,175,603	\$927,894	\$17,484,255
Revenue				
Program revenue:				
Charges for services	854,945	1,385,186	23,600	2,263,731
Operating grants and contributions	1,846,049	-	96,425	1,942,474
Capital grants and contributions		11,399		11,399
General revenue:				
Property taxes	1,349,962	-	178,854	1,528,816
Intergovernmental revenue	781,855	-	-	781,855
Investment earnings	20,460	17,697	-	38,157
Miscellaneous	88,083	74,129	10,318	172,530
Net transfers	66,632	-	(66,632)	-
Total revenue	5,007,986	1,488,411	242,565	6,738,962
Program Expenses				
General government	419,391			419,391
Road maintenance and repair	276,409			276,409
Health and sanitation	363,567			363,567
Public safety	875,612			875,612
Public works	198,792	1,202,019		1,400,811
Culture and recreation	121,926			121,926
Community development	23,288		122,919	146,207
Depreciation	253,451			253,451
Interest on long-term debt	54,574			54,574
Total expenses	2,587,010	1,202,019	122,919	3,911,948
Change in Net Assets	2,420,976	286,392	119,646	2,827,014
Net Assets - End of Year	\$10,801,734	\$8,461,995	\$1,047,540	\$20,311,269

VILLAGE OF CARO, MICHIGAN

Management's Discussion and Analysis

The following table shows the changes of the net assets for the year ended June 30, 2004:

	Governmental Activities	Business-Type Activities	Component Unit	Total
Net Assets - Beginning of year - (as adjusted)	\$ 6,724,741	\$ 8,062,254	\$ 810,161	\$15,597,156
Revenue				
Program revenue:				
Charges for services	926,157	1,382,095	23,600	2,331,852
Operating grants and contributions	909,248	-	47,541	956,789
General revenue:				
Property taxes	1,299,623	-	172,081	1,471,704
Intergovernmental revenue	800,708	-	-	800,708
Investment earnings	11,675	4,405	-	16,080
Miscellaneous	99,624	10,136	48,848	158,608
Net transfers	46,820	-	(46,820)	-
Total revenue	4,093,855	1,396,636	245,250	5,735,741
Program Expenses				
General government	282,869			282,869
Road maintenance and repair	1,510,512			1,510,512
Health and sanitation	346,674			346,674
Public safety	702,327			702,327
Public works	31,905	1,283,287		1,315,192
Culture and recreation	172,585			172,585
Community development	28,112		254,813	282,925
Depreciation	210,170			210,170
Interest on long-term debt	61,932			61,932
Total expenses	3,347,086	1,283,287	254,813	4,885,186
Change in Net Assets	746,769	113,349	(9,563)	850,555
Net Assets - End of Year	\$ 7,471,510	\$ 8,175,603	\$ 800,598	\$16,447,711

VILLAGE OF CARO, MICHIGAN

Management's Discussion and Analysis

Business-type Activities

The Village's business-type activities consist of the Water and Sewer Funds. The Village provides water to residents from seven ground water wells. Sewage treatment is provided through a Village-owned and operated sewage treatment plant.

The Water Fund had a net income of \$141,321, and its cash flow decreased by \$22,934. Revenues for the fund were up about 1%.

The Sewer Fund had a net income of \$133,672 on revenues of \$761,988. Revenues were up about 9%. This is due in part to the rate increase that occurred in April, 2004. Cash flow for the Sewer Fund increased by \$84,298.

The Village's Funds

Our analysis of the Village's major funds follows the government-wide financial statements. The fund financial statements provide detailed information about the most significant funds, not the Village as a whole. The Village Council creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages. The Village's major funds for the current year include the General, Major Street and Trunkline, Local Street and Refuse Funds.

The General Fund pays for most of the Village's governmental services. The most significant are Public Safety and Public Works and Recreation, which incurred expenses of approximately \$1 million in the current fiscal year. These costs and the remaining \$600,000 cost of the other General Fund departments are funded by real and personal property taxes other general revenue sources of the General Fund.

General Fund Budgetary Highlights

Overall, revenues in the General Fund exceeded the budget by \$7,532. This is primarily due to additional donations received.

Village departmental expenses in the General Fund overall spent less than budget projections by \$18,501.

VILLAGE OF CARO, MICHIGAN

Management's Discussion and Analysis

Capital Asset and Debt Administration

As of June 30, 2005, the Village had a total of approximately \$21.3 million (net of depreciation) invested in a broad range of capital assets, including roads, buildings, equipment, and water and sewer lines.

Debt service makes up approximately 3.7% of the total governmental expenditures. Bonded and other long-term obligations were reduced by approximately \$374,000.

More detailed information concerning capital assets and long-term debt can be found in Notes 4 and 7, respectively, in the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

Improvements to the wastewater treatment plant are on the horizon along with a project to remove arsenic from the Village water system being implemented.

Contacting the Village's Management

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Village's finances and to show the Village's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Village's office.

BASIC FINANCIAL STATEMENTS

VILLAGE OF CARO
STATEMENT OF NET ASSETS
JUNE 30, 2005

	Primary Government			Reporting Entity
	Governmental Activities	Business-type Activities	Total	Component Unit Totals
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 1,267,873	\$ 709,180	\$ 1,977,053	\$ 37,307
Receivables (net)	179,299	164,685	343,984	300
Internal balances	128,900	(128,900)	-	-
Inventories		36,394	36,394	36,394
Prepaid interest		31,084	31,084	31,084
Prepaid expenses	2,237		2,237	2,237
Total current assets	1,578,309	812,443	2,390,752	37,607
Noncurrent assets:				
Capital assets, net of depreciation	5,329,017	9,457,893	14,786,910	1,220,958
Land	452,063	118,436	570,499	283,413
Land improvements, net of depreciation	3,919,384		3,919,384	363,324
Construction in progress	45,420	124,552	169,972	27,862
Total noncurrent assets	9,745,884	9,700,881	19,446,765	1,895,557
TOTAL ASSETS	\$ 11,324,193	\$ 10,513,324	\$ 21,837,517	\$ 1,933,164
LIABILITIES				
Current liabilities:				
Accounts payable, accrued & other liabilities	\$ 59,979	\$ 25,845	\$ 85,824	\$ 753
Accrued interest payable	2,226	19,726	21,952	9,900
Deferred revenue	4,221	-	4,221	-
Current maturities of long-term debt	135,000	190,209	325,209	69,616
Total current liabilities	201,426	235,780	437,206	80,269
Noncurrent liabilities:				
Noncurrent portion of long-term debt	239,313	1,815,549	2,054,862	805,355
Accumulated compensated absences	81,720		81,720	
Total noncurrent liabilities	321,033	1,815,549	2,136,582	805,355
TOTAL LIABILITIES	522,459	2,051,329	2,573,788	885,624
NET ASSETS				
Invested in capital assets, net of related debt	9,371,571		9,371,571	1,010,686
Contributed capital	92,286	5,683,838	5,776,124	
Restricted for:				
Capital projects			-	-
Debt service	314		314	314
Unrestricted	1,337,563	2,778,157	4,115,720	36,854
TOTAL NET ASSETS	10,801,734	8,461,995	19,263,729	1,047,540
TOTAL LIABILITIES AND NET ASSETS	\$ 11,324,193	\$ 10,513,324	\$ 21,837,517	\$ 1,933,164

The accompanying footnotes are an integral part of the financial statements.

VILLAGE OF CARO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2005

Functions/Programs	Program Revenues			Net (Expenses) Revenues			Reporting Entity
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Unit	
				Governmental Activities	Business-type Activities		
Primary Government	Expenses						Totals
Governmental activities:							
General government	\$ 419,391	\$ 159,461		\$ (259,930)	-	\$ (259,930)	\$ (259,930)
Road maintenance and repair	276,409	\$ 1,846,049		1,569,640	-	1,569,640	1,569,640
Health and sanitation	363,567			(29,441)	-	(29,441)	(29,441)
Public safety	875,612			(514,254)	-	(514,254)	(514,254)
Public works	198,792			(198,792)	-	(198,792)	(198,792)
Culture and recreation	121,926			(121,926)	-	(121,926)	(121,926)
Community development	23,288			(23,288)	-	(23,288)	(23,288)
Depreciation	253,451			(253,451)	-	(253,451)	(253,451)
Interest on long-term debt	54,574			(54,574)	-	(54,574)	(54,574)
Total governmental activities	2,587,010	854,945	1,846,049	113,984	-	113,984	113,984
Business-type activities:							
Water	567,783	673,303			\$ 105,520	105,520	105,520
Sewage disposal	634,236	711,883	\$ 11,399		89,046	89,046	89,046
Total primary government	3,789,029	2,240,131	\$ 11,399	113,984	194,566	308,550	308,550
Component unit							
Downtown Development Authority	\$ 122,919	\$ 23,600	\$ 96,425			\$ (2,894)	(2,894)
General revenues:							
Taxes:							
Property taxes, levied for general purposes							
Property taxes, levied for streets and sanitation purposes							
Intergovernmental revenue							
Investment earnings							
Miscellaneous							
Net transfers							
Total general revenues and transfers							
Change in net assets							
Net assets - beginning							
Net assets - ending							

The accompanying footnotes are an integral part of the financial statements.

VILLAGE OF CARO
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2005

	<u>GENERAL</u>	<u>MAJOR STREET & TRUNKLINE</u>	<u>LOCAL STREET</u>	<u>REFUSE/ SANITATION</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<u>ASSETS</u>						
Cash	\$ 610,634	\$ 94,105	\$ 31,870	\$ 150,790	\$ 198,237	\$ 1,085,636
Accounts receivable	66,204	32,875	13,488	33,777	370	146,714
Taxes receivable	4,222	-	-	162	2,335	6,719
Due from other funds	80,000				-	80,000
Prepaid expenses	2,237					2,237
Notes receivable	34,916					34,916
Allowance for uncollectible accounts	(9,050)					(9,050)
TOTAL ASSETS	<u>\$ 789,163</u>	<u>\$ 126,980</u>	<u>\$ 45,358</u>	<u>\$ 184,729</u>	<u>\$ 200,942</u>	<u>\$ 1,347,172</u>
<u>LIABILITIES & FUND BALANCES</u>						
Liabilities:						
Accounts payable	\$ 21,858	\$ -	\$ -	\$ -	\$ 131	\$ 21,989
Accrued salaries & wages	29,662	1,454	1,813	727	1,564	35,220
Due to other funds	-				-	-
Deferred revenue	4,221				-	4,221
Total Liabilities	<u>55,741</u>	<u>1,454</u>	<u>1,813</u>	<u>727</u>	<u>1,695</u>	<u>61,430</u>
Fund Balances:						
Reserved for:						
Debt service					314	314
Unreserved, reported in:						
General fund	575,301					575,301
Designated for community promotion	158,121					158,121
Special revenue funds		125,526	43,545	184,002	198,933	552,006
Total Fund Balances	<u>733,422</u>	<u>125,526</u>	<u>43,545</u>	<u>184,002</u>	<u>199,247</u>	<u>1,285,742</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 789,163</u>	<u>\$ 126,980</u>	<u>\$ 45,358</u>	<u>\$ 184,729</u>	<u>\$ 200,942</u>	<u>\$ 1,347,172</u>

The accompanying footnotes are an integral part of the financial statements.

VILLAGE OF CARO
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET and
STATEMENT OF NET ASSETS
June 30, 2005

	Modified Accrual Basis	Reconciling Items			Full Accrual Basis
	TOTAL GOVERNMENTAL FUNDS	CAPITAL ASSETS & LONG TERM DEBT	COMPENSATED ABSENCES	INTERNAL SERVICE FUNDS	TOTAL
<u>ASSETS</u>					
Cash	\$ 1,085,636			\$ 182,237	\$ 1,267,873
Accounts receivable	146,714				146,714
Taxes receivable	6,719				6,719
Notes receivable	34,916				34,916
Allowance for uncollectible accounts	(9,050)				(9,050)
Due from other funds	80,000			48,900	128,900
Prepaid expenses	2,237				2,237
Total Current Assets	1,347,172	-	-	231,137	1,578,309
Construction in progress		\$ 45,420			45,420
Capital assets:					
Land		452,063			452,063
Land improvements		3,919,384			3,919,384
Depreciable capital assets		6,317,079		1,011,274	7,328,353
Less: Accumulated Depreciation		(1,377,430)		(621,906)	(1,999,336)
Total Non-Current Assets	-	9,311,096	-	389,368	9,700,464
TOTAL ASSETS	\$ 1,347,172	\$ 9,356,516	\$ -	\$ 620,505	\$ 11,324,193
<u>LIABILITIES & FUND BALANCES</u>					
Liabilities:					
Accounts payable	\$ 21,989			\$ 1,482	\$ 23,471
Accrued salaries & wages	35,220			1,288	36,508
Accrued interest payable		\$ 2,226			2,226
Due to other funds	-				-
Current maturities of long-term debt		135,000			135,000
Deferred revenue	4,221				4,221
Bonds payable - long term		105,087			105,087
Notes payable - long-term		134,226			134,226
Accumulated compensated absences			\$ 81,720		81,720
Total Liabilities	61,430	376,539	81,720	2,770	522,459
Fund Balances:					
Contributed capital				92,286	92,286
Reserved for:					
Debt service	314				314
Unreserved	1,285,428	8,979,977	(81,720)	525,449	10,709,134
Total Fund Balances/Net Assets	1,285,742	8,979,977	(81,720)	617,735	10,801,734
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,347,172	\$ 9,356,516	\$ -	\$ 620,505	\$ 11,324,193

The accompanying footnotes are an integral part of the financial statements.

VILLAGE OF CARO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL UNITS
FOR THE YEAR ENDED JUNE 30, 2005

	<u>GENERAL</u>	<u>MAJOR STREET & TRUNKLINE</u>	<u>LOCAL STREET</u>	<u>REFUSE/ SANITATION</u>
REVENUES:				
Taxes	\$ 986,014	\$ 79,978	\$ 39,793	\$ 37,794
Licenses & permits	12,075			
Intergovernmental revenue:				
Federal	-	-	-	-
State	473,801	2,070,725	83,378	-
Charges for services	164,064	-	-	334,126
Fines & forfeitures	4,500			
Miscellaneous	43,893	8,120	1,766	3,430
TOTAL REVENUE	<u>1,684,347</u>	<u>2,158,823</u>	<u>124,937</u>	<u>375,350</u>
EXPENDITURES:				
Legislative	21,531			
Elections	358			
Executive	146,029			
Treasurer	60,340			
Industrial Park	16,869			
Village buildings & grounds	166,035			
Historical Center	8,187			
Police department	688,287			
Planning & zoning	50,734			
Fire dept.				
Public works department	198,792			
Refuse department				363,567
Recreation department	121,926			
Community promotion	23,288			
Streets		2,466,832	177,767	
Miscellaneous				
Debt Service:				
Principal	115,000			
Interest	12,903			
TOTAL EXPENDITURES	<u>1,630,279</u>	<u>2,466,832</u>	<u>177,767</u>	<u>363,567</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>54,068</u>	<u>(308,009)</u>	<u>(52,830)</u>	<u>11,783</u>
OTHER FINANCING SOURCES (USES):				
Loan proceeds	-	-	-	-
Sale of assets	-			
Operating transfers in	18,626	95,000	12,000	-
Operating transfers out	(66,368)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(47,742)</u>	<u>95,000</u>	<u>12,000</u>	<u>-</u>
EXCESS OF REVENUE & OTHER SOURCES OVER (UNDER) EXPENDITURES & OTHER USES	<u>6,326</u>	<u>(213,009)</u>	<u>(40,830)</u>	<u>11,783</u>
FUND BALANCE - JULY 1	<u>727,096</u>	<u>338,535</u>	<u>84,375</u>	<u>172,219</u>
FUND BALANCE - JUNE 30	<u>\$ 733,422</u>	<u>\$ 125,526</u>	<u>\$ 43,545</u>	<u>\$ 184,002</u>

The accompanying footnotes are an integral part of the financial statements.

OTHER GOVERNMENTAL FUNDS	TOTALS (MEMORANDUM ONLY)		TOTALS (MEMORANDUM ONLY)	
	PRIMARY GOVERNMENT	COMPONENT UNITS	JUNE 30, 2005	
\$ 206,383	\$ 1,349,962	\$ 178,854	\$ 1,528,816	
	12,075		12,075	
	-		-	
	-		-	
	2,627,904	120,025	2,747,929	
91,734	589,924		589,924	
	4,500		4,500	
34,759	91,968	10,318	102,286	
332,876	4,676,333	309,197	4,985,530	
	21,531	-	21,531	
	358	-	358	
	146,029	-	146,029	
	60,340	-	60,340	
	16,869	-	16,869	
	166,035	-	166,035	
	8,187	-	8,187	
	688,287	-	688,287	
	50,734	-	50,734	
155,021	155,021	-	155,021	
	198,792	-	198,792	
	363,567	-	363,567	
	121,926	-	121,926	
	23,288	-	23,288	
82,987	2,727,586	-	2,727,586	
-	-	365,539	365,539	
70,000	185,000	-	185,000	
42,220	55,123	-	55,123	
350,228	4,988,673	365,539	5,354,212	
(17,352)	(312,340)	(56,342)	(368,682)	
-	-	-	-	
-	-	-	-	
178,587	304,213	-	304,213	
(111,213)	(177,581)	(126,632)	(304,213)	
67,374	126,632	(126,632)	-	
50,022	(185,708)	(182,974)	(368,682)	
149,225	1,471,450	219,828	1,691,278	
\$ 199,247	\$ 1,285,742	\$ 36,854	\$ 1,322,596	

VILLAGE OF CARO
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2005

Net change in fund balances - total governmental funds \$ (185,708)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their useful lives as depreciation expense

Depreciation expense	(253,451)
Capital outlay	2,924,414
Construction in Progress at the beginning of the year	(185,305)
Construction in Progress at the end of the year	45,420

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Long-term debt for capital assets is a reduction of net assets, however, a reduction of the debt increases net assets.

Principal paid on long-term debt	125,000
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Accrued interest on bonds is recorded in the statement of activities when incurred; it is not recorded in governmental funds until it is paid:

Accrued interest payable at the beginning of the year	2,775
Accrued interest payable at the end of the year	(2,226)

Compensated absences are reported on the accrual method in the statement of activities, and recorded as an expenditure when financial resources are used in the governmental funds:

Accrued absences at the beginning of the year	79,662
Accrued absences at the end of the year	(81,720)

Internal Service Funds are used by management to charge the costs of certain activities, such as insurance, motor pool, central services, and retirees health care, to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.

(47,885)

Change in net assets of governmental activities

\$2,420,976

The accompanying footnotes are an integral part of the financial statements.

VILLAGE OF CARO, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies of the Village of Caro (the Village) conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Village of Caro.

DESCRIPTION OF VILLAGE OPERATIONS AND FUND TYPES:

The Village of Caro is governed by an elected council with a village manager overseeing daily operations. The Village provides various services to its residents including law enforcement, fire protection, community enrichment and human services. The component units discussed below are included in the Village's financial reporting entity because of the significance of their operational or financial relationships with the Village.

REPORTING ENTITY:

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14 "The Financial Reporting Entity", these financial statements present the Village of Caro (the primary government) and its component units. The criteria established by the GASB for determining the reporting entity includes oversight responsibility, fiscal dependency and whether the financial statements would be misleading if data were not included. The following is a description of the component units:

Discretely Presented Component Units:

The component unit columns in the combined financial statements include the financial data of the Downtown Development Authority. These financial statements are reported on pages 41 and 42 to emphasize that they are legally separate from the Village.

The Downtown Development Authority of the Village of Caro is an Authority created pursuant to Public Act 197 of 1975. The purpose of the Authority is to analyze the impact of economic changes and growth in the Downtown District and develop plans to promote orderly economic growth in the "Downtown Development District."

Blended Component Unit Reported with the Primary Government:

The Building Authority of the Village of Caro was created pursuant to the provisions of Act 31, Public Acts of Michigan of 1948, as amended, for the purpose of acquiring, furnishing, equipping, owning, improving, enlarging, operating and maintaining buildings, automobile parking lots or structures and recreational facilities for use for any legitimate public purpose of the Village.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS:

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the activities of the Village of Caro. There are six major funds reported on the government-wide financial statements.

The Statement of Net Assets presents the Village's assets and liabilities with the difference being reported as either invested in capital assets, net of related debt, or restricted net assets.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

VILLAGE OF CARO, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued):

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

BUDGETS AND BUDGETARY ACCOUNTING:

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general, special revenue and debt service funds. All annual appropriations lapse at fiscal year-end. The budgeted revenues and expenditures for governmental fund types include any authorized amendments to the original budget as adopted.

Encumbrances represent commitments related to unperformed contracts for goods or services. The Village does not utilize encumbrance accounting.

CASH AND INVESTMENTS:

Cash includes amounts in petty cash and demand deposits. Investments include instruments allowed by state statute subsequently described. Investments are carried at amortized cost or fair value.

State statutes authorize the Village to invest in bonds, securities, and other direct and certain indirect obligations of the U.S. Treasury, which include securities issued or guaranteed by the Government National Mortgage Association; certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or National Credit Union Administration, respectively; and in commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase and not totaling more than 50% of any fund at any time. The Village is also authorized to invest in U.S. Government or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

RECEIVABLES:

Receivables consist primarily of amounts for intergovernmental revenue and customer charges. An allowance for doubtful accounts has been established in those funds where it was determined to be necessary. Credit risk is minimal because of the large number of customers and the authority of the Village to add receivables to the tax rolls that are secured by the underlying property.

SHORT-TERM INTERFUND RECEIVABLES/PAYABLES:

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the governmental fund balance sheet.

PREPAID ITEMS:

Payments made to vendors, generally for services, that will benefit beyond June 30, 2005, are recorded as prepaid items. A reserve for prepaid items has been recognized to signify that a portion of fund balance is not available for other subsequent expenditures.

VILLAGE OF CARO, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued):

INVENTORIES (ENTERPRISE FUNDS ONLY):

Inventories are stated at the lower of cost or market determined on the first-in, first-out (FIFO) method.

RESTRICTED ASSETS:

Certain proceeds of enterprise fund bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants and Michigan law.

CAPITAL ASSETS:

Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems, etc.) are reported in the operating fund in the government-wide financial statements. Capital assets are defined by the Village of Caro as assets with initial individual cost of more than \$2,500 and an estimated useful life in excess of two years. Any donated assets are recorded at estimated fair market value at the date of donation.

GASB 34 requires major networks and major subsystems of infrastructure assets acquired, donated, constructed or substantially rehabilitated since fiscal years ending after June 30, 1980 be inventoried and capitalized by the fourth anniversary of the mandated date of adoption of the other provisions GASB 34. The Village has capitalized the current year's infrastructure, as required by GASB 34, and has reported the infrastructure in the Statement of Net Assets. The Village will retroactively capitalize the major infrastructure assets acquired on or before June 30, 2005 as permitted by GASB 34.

DEPRECIATION:

Depreciation expense amounted to \$650,271 for the year ended June 30, 2005. Depreciation is computed using the straight-line method. The depreciation rates are designed to amortize the cost of the assets over their estimated useful lives as follows:

Land/Land Improvements	0 - 50
Buildings	10 - 50
Bridges	50
Meters	13 - 20
Storm/Sewer lines	30 - 67
Sidewalks/Trailways	30
Water lines	50
Source of Supply	6 - 50
Motor Vehicles & Related Equipment	3 - 10
Machinery & Equipment	5 - 20
Roads	5 - 20
Parking lots	20
Traffic Signals	15

COMPENSATED ABSENCES:

It is the Village's policy to permit employees to accumulate a limited amount of earned but unused vacation and sick leave, which will be paid to employees upon separation from the Village's service. In governmental funds, the cost of vacation and sick leave is recognized when payments are made to employees. A liability has been recorded in the Statement of Net Assets.

ESTIMATES:

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

VILLAGE OF CARO, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued):

FUND EQUITY:

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers or other funds. Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

Contributed capital currently exists only in the enterprise funds. This capital has been used along with other Village resources to purchase or construct the water and sewer systems currently in use within the Village. In order to more accurately reflect the equity remaining in these contributions, the contributions are being amortized over the useful life of the assets they aided in constructing or purchasing.

INTERFUND TRANSACTIONS:

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Non-reoccurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

MEMORANDUM ONLY - TOTAL COLUMNS:

The total columns on the combined statements are captioned memorandum only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation, therefore, does not present consolidated information.

VILLAGE OF CARO, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005

NOTE 2 - PENSION PLANS/DEFERRED COMPENSATION PLAN:

DEFINED BENEFIT PENSION PLAN:

The Village of Caro Retirement Plan is a single-employer defined benefit pension plan administered by The Principal Financial Group. It provides retirement, disability and death benefits to plan members and beneficiaries. Cost-of-living adjustments are provided to members and beneficiaries at the discretion of the Village Council. Village of Caro Retirement Plan issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Village of Caro, 317 South State Street, Caro, MI 48723.

The contribution requirements of plan members and the Village are established and may be amended by the Village Council. Plan members are required to contribute 3% of their annual covered salary. The Village is required to contribute to an actuarially determined rate; the current rate is 15% of annual covered payroll.

The Village's annual pension cost and net pension obligation to the Village of Caro Retirement Plan for the current year were:

Annual required contribution	\$32,154
Interest on net pension obligation	980
Adjustment to annual required contribution	3,115
Annual pension cost	30,019
Contributions made	50,000
Increase (decrease) in net pension obligation	(19,981)
Net pension obligation beginning of year	15,079
Net pension obligation end of year	\$ (4,902)

The annual required contribution for the current year was determined as part of the August 1, 2003 actuarial valuation using the entry age normal-frozen initial liability actuarial cost method. The actuarial assumptions included (a) 6.5% investment rate of return (net of investment expenses) for pre-retirement and 5.5% for post-retirement and (b) projected salary increases of 2.10%. Both (a) and (b) included an inflation component of 3%. The assumptions did not include post-retirement benefit increases, which are funded by Village appropriation when granted. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a longer period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis.

Three-year Trend Information:

FISCAL YEAR ENDING	ANNUAL PENSION COST (APC)	PERCENTAGE OF APC CONTRIBUTED	NET PENSION OBLIGATION
June 30, 2003	88,517	101%	\$16,129
June 30, 2004	53,463	102%	\$15,079
June 30, 2005	30,019	167%	\$(4,902)

DEFINED CONTRIBUTION PENSION PLAN:

The Village of Caro Money Purchase Plan is a defined contribution pension plan established by the Village of Caro to provide benefits at retirement to certain Village officials. At June 30, 2005, there were seventeen plan members. The Village is required to contribute 5% to 10% of annual covered payroll. Plan provisions and contribution requirements are established and may be amended by the Village Council.

BASIS OF ACCOUNTING:

The financial statements of the Village of Caro Money Purchase Plan are prepared using the accrual basis of accounting. Employer and plan member contributions are recognized in the period that the contributions are due.

VILLAGE OF CARO, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005

NOTE 2 - PENSION PLANS/DEFERRED COMPENSATION PLAN (Continued):

VALUATION OF INVESTMENTS:

Plan investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national exchanges are valued at the last reported sales price. Investments that do not have an established market are reported at estimated fair value.

Mutual fund investments of \$186,349 were held at June 30, 2005.

DEFERRED COMPENSATION PLAN:

The Village offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Village employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. In addition, certain employees have the Village's contribution to their retirement plan deposited to the Deferred Compensation Plan. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

NOTE 3 - CONTINGENT LIABILITIES:

AIRPORT AUTHORITY:

Effective July 1, 1993, the Village transferred ownership of the Caro Airport to a separate legal and reporting entity. Certain liabilities, which continue to be in the name of the Village, were assumed by the Airport Authority. As Airport Authority financial information is presented under separate cover, no Airport Authority liabilities in the Village's name have been recorded in these financial statements. The amount of the long-term debt held in the name of the Village for the Airport Authority is \$116,629.

LITIGATION:

Litigation has been instituted against the Village. The Village's legal counsel and management believe that these lawsuits will have no material liability to the Village in excess of insurance coverage.

NOTE 4 - LONG-TERM DEBT:

Long-term debt of the Village's Enterprise Funds consisted of and had the following provisions:

WATER FUND

Revenue Bonds originally dated June 18, 1987 and subsequently refinanced under the MMBA local government refunding revenue loan program are payable with interest averaging 5.3%. Bonds were issued to finance the construction of a new water tower, additional water mains and a well.

TOTAL	\$370,000	
CURRENT PORTION	(80,000)	\$ 290,000

Junior lien revenue bonds payable dated September 30, 1999, in an amount not to exceed \$1,035,000. The bonds bear interest at 2.5% and were issued to finance the construction of a new water well and new water lines.

TOTAL	685,640	
CURRENT PORTION	(37,409)	648,231

VILLAGE OF CARO, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005

NOTE 4 - LONG-TERM DEBT (Continued):

Community Development Block Grant loan not to exceed \$245,000 for the purpose of constructing a well. The loan has an interest rate of 5%. The Village can earn credits equal to \$10,000 for each qualifying net new job created and added to the existing job base. The job credit will be applied first to the accrued interest and then to the principal loan balance.

WATER FUND

TOTAL	229,398	
CURRENT PORTION	<u>NONE</u>	<u>229,398</u>
TOTAL WATER FUND (LONG-TERM)		\$1,167,629

SEWAGE DISPOSAL FUND

County Revenue Bonds payable with interest varying between 3.75% and 6.625%. Bonds were issued to finance the construction of a new waste treatment facility and sewer lines. On October 1, 2002, the bonds were advanced refunded. This advance refunding was undertaken to reduce total debt service payments over the next ten years by \$222,866.

TOTAL	720,720	
CURRENT PORTION	<u>(72,800)</u>	
TOTAL SEWAGE DISPOSAL FUND (LONG-TERM)		<u>647,920</u>
TOTAL ENTERPRISE FUNDS (LONG-TERM)		\$1,815,549

Long-term debt of the Village's Component Unit (Downtown Development Authority):

Installment loan payable to the Michigan Department of Environmental Quality dated February 15, 1999. Loan proceeds were used for the environmental clean up of a parcel of land. The note carries an interest rate of 2.25% per annum.	\$ 39,971
Bonds payable (General Obligation Limited Tax) to FifthThird Bank dated August 29, 2001. Semi-annual payments of interest carry rates varying between 3.5% and 4.85%. Principal payments are due on an annual basis.	<u>835,000</u>
TOTAL	\$874,971

General long-term debt of the Village consisted of and had the following provisions:

Bonds payable (General Obligation Limited Tax) to Chemical Bank dated August 1, 1996. Semi-annual payments of interest carry rates varying between 4.25% and 5.40%. Principal payments are due on an annual basis.	\$125,000
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VILLAGE OF CARO, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005

NOTE 4 - LONG-TERM DEBT, (Continued):

General long-term debt of the Village consisted of and had the following provisions, (Continued):

Community Development Block Grant loan for the purpose of constructing an entrance and changes to Colling Road. The loan has an interest rate of 5%. The Village can earn credits equal to \$10,000 for each qualifying net new job created and added to the existing job base. The job credit will be applied first to the accrued interest and then to the principal loan balance.	\$134,226
Bonds payable (General Obligation Limited Tax) to Community Bank dated September 22, 2003. Semi-annual payments of interest carry a rate of 2.00%. Principal payments are due on an annual basis.	115,087
Compensated absences	<u>81,720</u>
TOTAL	\$456,033

During the year ended June 30, 2005 the following changes occurred in liabilities reported in the governmental general long-term debt on the statement of net assets:

<u>BALANCE</u>			<u>BALANCE</u>
<u>JULY 1, 2004</u>	<u>ADDITIONS</u>	<u>REDUCTIONS</u>	<u>JUNE 30, 2005</u>
\$578,975	\$2,058	\$125,000	\$456,033

ANNUAL REQUIREMENTS TO AMORTIZE LONG-TERM DEBT
JUNE 30, 2005

<u>YEAR ENDING JUNE 30</u>	<u>GENERAL OBLIGATION</u>		<u>REVENUE</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2006	\$ 204,616	\$ 46,769	\$ 190,209	\$ 52,455
2007	89,720	36,844	211,129	45,179
2008	94,826	33,379	234,846	34,562
2009	99,935	29,680	241,206	29,557
2010	105,046	25,680	136,206	25,584
2011-2015	564,359	80,895	578,515	101,336
2016-2020	70,293	14,773	376,046	41,307
2021-2022	20,489	<u>778</u>	<u>37,601</u>	<u>1,312</u>
Compensated absences	<u>81,720</u>			
TOTAL	\$1,331,004	\$268,798	\$2,005,758	\$331,292

VILLAGE OF CARO, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005

NOTE 5 - NOTES RECEIVABLE:

GENERAL FUND:

Notes receivable to the general fund consisted of and had the following provisions:

Note receivable from the Tuscola Area Airport Authority.	\$34,916
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NOTE 6 - SEGMENT INFORMATION:

The Village maintains two enterprise funds that provide water and sewer services. Segment information for the year ended June 30, 2005, is as follows:

	<u>WATER</u>	<u>SEWAGE DISPOSAL</u>	<u>TOTAL ENTERPRISE FUNDS</u>
Operating revenue	\$708,103	\$761,988	\$1,470,091
Depreciation & Amortization expense	131,752	205,683	337,435
Operating income (loss)	182,953	28,662	211,615
Net income	141,321	6,759	148,080
Property, plant & equipment:			
Additions	804,032	48,883	852,915
Dispositions	0	0	
Net working capital (deficit)	304,709	271,954	576,663
Total identifiable assets	4,151,734	6,490,490	10,642,224
Total equity	2,766,410	5,695,585	8,461,995

NOTE 7 – CAPITAL ASSET SUMMARY:

A summary of property, plant, and equipment at June 30, 2005 is as follows:

	<u>DEPREC- IATION LIFE- YEARS</u>	<u>WATER FUND</u>	<u>SEWAGE DISPOSAL FUND</u>	<u>EQUIPMENT RENTAL FUND</u>	<u>GOVERNMENTAL ACTIVITIES</u>	<u>COMPONENT UNIT</u>
Land		\$ 115,923	\$ 2,513		\$452,063	\$ 283,413
Land Improvements	0-15				3,919,384	420,008
Buildings	10-50	663,073	6,553,563		2,386,815	
Bridges	50				79,360	
Meters	13-20	323,862	31,765			
Storm/Sewer lines	30-67		2,897,423		622,339	
Sidewalks/Trailways	30				792,000	
Water lines	50	3,008,322				
Source of Supply	6-50	1,108,417				
Motor Vehicles & Related Equipment	3-10			\$1,011,274		
Machinery & Equipment	5-20	85,548	246,618		840,463	23,439
Revenue Loan Costs		27,034	60,604			
Roads	5-20				1,491,102	
Parking lots	20					1,310,099
Traffic Signals	15				105,000	
Total Costs		5,332,179	9,792,486	1,011,274	10,688,526	2,036,959
Less Accumulated Depreciation		(1,781,761)	(3,766,575)	(621,906)	(1,377,430)	(169,264)
Net Carrying Amount		\$3,550,418	\$6,025,911	\$ 389,368	\$9,311,096	\$1,867,695

VILLAGE OF CARO, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005

NOTE 7 – CAPITAL ASSET SUMMARY, (Continued):

All depreciation is computed using the straight-line method. Equipment Rental Fund assets are combined with Governmental Activities assets on the Statement of Net Assets. Depreciation expense was recorded as follows:

Governmental Activities	\$253,451
Water Fund	127,890
Sewer Fund	205,683
Component Unit	<u>63,247</u>
Total depreciation expense	\$650,271

NOTE 8 - CASH AND INVESTMENTS:

The Village maintains a pooled account for substantially all of its cash. Each fund type's portion of this pool is maintained through the use of separate accounts within the pooled account. This cash is shown in their respective funds for financial reporting purposes.

As of June 30, 2005, the Village had no investments.

Custodial credit risk - deposits. In the case of deposits, this is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. As of June 30, 2005, \$1,817,638 of the Village's bank balance of \$2,117,638 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Village's name.

The amounts reported in the financial statements are as follows:

Cash - Governmental Activities	\$ 1,267,873
Cash - Business-Type Activities	709,180
Cash - Component Unit	<u>37,307</u>
	<u>\$ 2,014,360</u>

NOTE 9 - CONTRIBUTED CAPITAL:

Contributed capital currently exists only in the Enterprise Funds. This capital has been used along with other Village resources to purchase or construct the water and sewer systems currently in use or still in construction within the Village. In order to more accurately reflect the equity remaining in these contributions, depreciation expense on fixed assets acquired by grants, entitlements and shared revenues is closed to contributed capital rather than retained earnings.

VILLAGE OF CARO, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005

NOTE 10 - RECEIVABLES:

Receivables at June 30, 2005 consist of the following:

	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>ENTERPRISE</u>	<u>TOTAL</u>
Receivables:				
Accounts	\$66,204	\$80,510	\$164,685	\$311,399
Taxes	4,222	2,497	-	6,719
Notes	34,916			34,916
Allowance for Uncollectibles	<u>(9,050)</u>	<u> </u>	<u> </u>	<u>(9,050)</u>
TOTAL RECEIVABLES	\$96,292	\$83,007	\$164,685	\$343,984

NOTE 11 - RESERVES/DESIGNATIONS ON RETAINED EARNINGS/FUND BALANCES:

	<u>GENERAL</u>	<u>DEBT SERVICE</u>	<u>ENTERPRISE</u>
Retained earnings reserved for debt retirement			\$452,954
Fund balances designated for:			
Debt service		\$314	
Community promotion	<u>\$158,121</u>	<u> </u>	<u> </u>
TOTAL	\$158,121	\$314	\$452,954

NOTE 12 - PROPERTY TAX REVENUE:

Property taxes become an enforceable lien on the property as of July 1. Taxes are levied on July 1 and are due in September. The Village bills and collects its own property taxes. Village tax revenues are recognized in the year of levy.

NOTE 13 - LEGAL COMPLIANCE - BUDGETS:

The Village follows these procedures in establishing the budgetary data reflected in the financial statements:

1. On or prior to June 30 of each year, a proposed budget is submitted to the Council for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comments.
3. Prior to July 1 the budget is legally enacted through passage of a resolution.
4. Any revisions of the budget must be approved by the Village Council.
5. Formal budgetary integration is employed as a management control device during the year for the general fund, debt service fund and special revenue funds.
6. Budgets for general, special revenue and debt service funds are adopted on a basis consistent with U.S. generally accepted accounting principles. Budgeted amounts are as originally adopted, or as amended by the Village Council during the fiscal year. Individual amendments were not material in relation to the original appropriations which were amended.

VILLAGE OF CARO, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005

NOTE 13 - LEGAL COMPLIANCE – BUDGETS, (Continued):

7. The budget is prepared by fund and function and includes information on the past year, current year estimates and requested appropriations for the next fiscal year. Expenditures may not exceed budget at the function level. Violations, if any, are disclosed in the required supplementary information section.

NOTE 14 - RISK MANAGEMENT:

The Village is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by insurance purchased from independent third parties. Settled claims from these risks have not exceeded insurance coverage for the past three years.

NOTE 15 – INTERFUND TRANSFERS:

Interfund transfers for the year ended June 30, 2005, consisted of the following amounts:

		TRANSFERS FROM			
TRANSFERS TO	General Fund	Municipal Streets	Fire Fund	DDA	Total
			\$18,626		\$18,626
	General Fund				
	Major Streets	\$68,000		\$27,000	95,000
	Local Streets	12,000			12,000
	Municipal Streets				
	Fire Fund	\$66,368			66,368
	DDA				
	Debt Service		12,587	99,632	112,219
	Total	\$66,368	\$80,000	\$31,213	\$126,632

NOTE 16 – SUBSEQUENT EVENTS:

On August 1, 2005 Council accepted the bid for \$1,517,000 for the construction of the Water Treatment Plant. This is to be financed by general obligation bonds not to exceed \$1.78 million.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF CARO
GENERAL FUND
REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND
BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2005

	BUDGET			VARIANCE - FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES	\$ 1,684,944	\$ 1,676,815	\$ 1,684,347	\$ 7,532
EXPENDITURES	1,673,994	1,648,780	1,630,279	18,501
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>10,950</u>	<u>28,035</u>	<u>54,068</u>	<u>26,033</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	10,582	18,626	18,626	-
Transfers out	(66,368)	(66,368)	(66,368)	-
TOTAL OTHER FINANCING SOURCES (USES):	<u>(55,786)</u>	<u>(47,742)</u>	<u>(47,742)</u>	<u>-</u>
EXCESS OF REVENUE & OTHER SOURCES OVER (UNDER) EXPENDITURES & OTHER USES	<u>(44,836)</u>	<u>(19,707)</u>	<u>6,326</u>	<u>26,033</u>
FUND BALANCE - JULY 1	<u>727,096</u>	<u>727,096</u>	<u>727,096</u>	<u>-</u>
FUND BALANCE - JUNE 30	<u>\$ 682,260</u>	<u>\$ 707,389</u>	<u>\$ 733,422</u>	<u>\$ 26,033</u>

VILLAGE OF CARO
MAJOR STREET & TRUNKLINE
REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND
BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2005

	BUDGET			VARIANCE - FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL	ACTUAL	
REVENUE:				
Taxes	\$ 77,500	\$ 79,978	\$ 79,978	\$ -
Intergovernmental revenue	555,000	227,416	2,070,725	1,843,309
Miscellaneous	2,500	6,500	8,120	1,620
TOTAL REVENUE	635,000	313,894	2,158,823	1,844,929
EXPENDITURES:				
Construction	745,500	433,088	2,279,213	(1,846,125)
Routine maintenance - street & storm sewers	92,408	113,917	119,439	(5,522)
Trees & shrubs	925	-	61	(61)
Snow & ice controls	16,054	17,376	17,118	258
Sweeping & flushing	29,483	9,090	9,081	9
Draining, signs & signals	5,101	10,200	9,327	873
Administrative	35,265	32,502	32,593	(91)
TOTAL EXPENDITURES	924,736	616,173	2,466,832	(1,850,659)
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(289,736)	(302,279)	(308,009)	(5,730)
OTHER FINANCING SOURCES (USES):				
Operating transfers in	68,000	95,000	95,000	-
Operating transfers out	-	-	-	-
EXCESS OF REVENUE & OTHER SOURCES OVER (UNDER) EXPENDITURES & OTHER USES	(221,736)	(207,279)	(213,009)	(5,730)
FUND BALANCE - JULY 1	338,535	338,535	338,535	-
FUND BALANCE - JUNE 30	\$ 116,799	\$ 131,256	\$ 125,526	\$ (5,730)

VILLAGE OF CARO
LOCAL STREET FUND
REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND
BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2005

	BUDGET		ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL		
REVENUE:				
Taxes	\$ 38,000	\$ 39,793	\$ 39,793	-
Intergovernmental revenue	87,000	77,885	83,378	\$ 5,493
Miscellaneous	700	892	1,766	874
TOTAL REVENUE	125,700	118,570	124,937	6,367
EXPENDITURES:				
Construction - street & storm sewers	-	600	-	600
Routine maintenance - street & storm sewers	161,229	140,408	148,516	(8,108)
Administrative	35,365	29,624	29,251	373
TOTAL EXPENDITURES	196,594	170,632	177,767	(7,135)
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(70,894)	(52,062)	(52,830)	(768)
OTHER FINANCING SOURCES (USES):				
Operating transfers in	12,000	12,000	12,000	-
Operating transfers out				-
EXCESS OF REVENUE & OTHER SOURCES OVER (UNDER) EXPENDITURES & OTHER USES	(58,894)	(40,062)	(40,830)	(768)
FUND BALANCE - JULY 1	84,375	84,375	84,375	-
FUND BALANCE - JUNE 30	\$ 25,481	\$ 44,313	\$ 43,545	\$ (768)

VILLAGE OF CARO
REFUSE/SANITATION FUND
REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND
BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2005

	BUDGET			VARIANCE - FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL	ACTUAL	
REVENUE:				
Taxes	\$ 37,093	\$ 37,653	\$ 37,794	\$ 141
Charges for services	343,000	335,063	334,126	(937)
Miscellaneous	500	2,015	3,430	1,415
TOTAL REVENUE	380,593	374,731	375,350	619
EXPENDITURES:				
Sanitation:				
Wages	19,500	19,200	19,768	(568)
Employee benefits	9,248	7,569	6,822	747
Miscellaneous supplies	15,200	11,950	11,880	70
Contracted services	328,600	316,500	314,095	2,405
Insurance	6,500	6,566	6,566	-
Equipment rental	1,500	2,000	1,593	407
Administration fee	-	-	-	-
Miscellaneous	3,700	2,658	2,843	(185)
TOTAL EXPENDITURES	384,248	366,443	363,567	2,876
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(3,655)	8,288	11,783	3,495
OTHER FINANCING SOURCES (USES):				
Operating transfers in				-
Operating transfers out				-
EXCESS OF REVENUE & OTHER SOURCES OVER (UNDER) EXPENDITURES & OTHER USES	(3,655)	8,288	11,783	3,495
FUND BALANCE - JULY 1	172,219	172,219	172,219	-
FUND BALANCE - JUNE 30	\$ 168,564	\$ 180,507	\$ 184,002	\$ 3,495

ADDITIONAL INFORMATION

VILLAGE OF CARO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUND TYPES
June 30, 2005

	<u>DEBT SERVICE</u>	<u>MUNICIPAL STREET</u>	<u>DRUG FORFEITURE</u>	<u>FIRE FUND</u>	<u>TOTAL NONMAJOR GOVERNMENTAL FUNDS</u>
ASSETS					
Cash	\$ 314	\$ 153,881	\$ 834	\$ 43,208	\$ 198,237
Accounts receivable		370	-	-	370
Taxes receivable		888	-	1,447	2,335
Due from other funds					-
TOTAL ASSETS	<u>\$ 314</u>	<u>\$ 155,139</u>	<u>\$ 834</u>	<u>\$ 44,655</u>	<u>\$ 200,942</u>
LIABILITIES & FUND BALANCES					
Liabilities:					
Accounts payable		\$ -	\$ -	\$ 131	\$ 131
Accrued salaries & wages		532	-	1,032	1,564
Due to other funds					-
Deferred revenue		-	-	-	-
Total Liabilities	<u>-</u>	<u>532</u>	<u>-</u>	<u>1,163</u>	<u>1,695</u>
Fund Balances:					
Reserved for:					
Debt service	\$ 314				314
Unreserved		154,607	834	43,492	198,933
Total Fund Balances	<u>314</u>	<u>154,607</u>	<u>834</u>	<u>43,492</u>	<u>199,247</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 314</u>	<u>\$ 155,139</u>	<u>\$ 834</u>	<u>\$ 44,655</u>	<u>\$ 200,942</u>

VILLAGE OF CARO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2005

	<u>DEBT SERVICE</u>	<u>MUNICIPAL STREET</u>	<u>DRUG FORFEITURE</u>	<u>FIRE FUND</u>	<u>TOTAL NONMAJOR GOVERNMENTAL FUNDS</u>
REVENUES:					
Taxes		\$ 206,383			\$ 206,383
Charges for services				\$ 91,734	91,734
Miscellaneous	\$ 4	4,103	\$ 15	30,637	34,759
TOTAL REVENUE	<u>4</u>	<u>210,486</u>	<u>15</u>	<u>122,371</u>	<u>332,876</u>
EXPENDITURES:					
Fire dept.				155,021	155,021
Streets		82,987			82,987
Miscellaneous					-
Debt Service:					
Principal	70,000				70,000
Interest	42,220				42,220
TOTAL EXPENDITURES	<u>112,220</u>	<u>82,987</u>	<u>-</u>	<u>155,021</u>	<u>350,228</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>(112,216)</u>	<u>127,499</u>	<u>15</u>	<u>(32,650)</u>	<u>(17,352)</u>
OTHER FINANCING SOURCES (USES):					-
Loan/Bond proceeds				-	-
Operating transfers in	112,219			66,368	178,587
Operating transfers out	-	(80,000)		(31,213)	(111,213)
TOTAL OTHER FINANCING SOURCES (USES)	<u>112,219</u>	<u>(80,000)</u>	<u>-</u>	<u>35,155</u>	<u>67,374</u>
EXCESS OF REVENUE & OTHER SOURCES OVER (UNDER) EXPENDITURES & OTHER USES	<u>3</u>	<u>47,499</u>	<u>15</u>	<u>2,505</u>	<u>50,022</u>
FUND BALANCE - JULY 1	<u>311</u>	<u>107,108</u>	<u>819</u>	<u>40,987</u>	<u>149,225</u>
FUND BALANCE - JUNE 30	<u>\$ 314</u>	<u>\$ 154,607</u>	<u>\$ 834</u>	<u>\$ 43,492</u>	<u>\$ 199,247</u>

VILLAGE OF CARO
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE
IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2005
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE
YEAR ENDED JUNE 30, 2004

	<u>2005</u>			<u>2004</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE - FAVORABLE (UNFAVORABLE)</u>	<u>ACTUAL</u>
REVENUES	\$ 1,676,815	\$ 1,684,347	\$ 7,532	\$ 1,685,396
EXPENDITURES	1,648,780	1,630,279	18,501	1,640,674
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>28,035</u>	<u>54,068</u>	<u>26,033</u>	<u>44,722</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	18,626	18,626	-	25,544
Transfers out	(66,368)	(66,368)	-	(114,918)
TOTAL OTHER FINANCING SOURCES (USES):	<u>(47,742)</u>	<u>(47,742)</u>	<u>-</u>	<u>(89,374)</u>
EXCESS OF REVENUE & OTHER SOURCES OVER (UNDER) EXPENDITURES & OTHER USES	<u>(19,707)</u>	<u>6,326</u>	<u>26,033</u>	<u>(44,652)</u>
FUND BALANCE - JULY 1	<u>727,096</u>	<u>727,096</u>	<u>-</u>	<u>771,748</u>
FUND BALANCE - JUNE 30	<u>\$ 707,389</u>	<u>\$ 733,422</u>	<u>\$ 26,033</u>	<u>\$ 727,096</u>

VILLAGE OF CARO
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
YEAR ENDED JUNE 30, 2005

	<u>MAJOR STREET & TRUNKLINE</u>	<u>LOCAL STREET</u>	<u>MUNICIPAL STREET</u>
<u>ASSETS</u>			
Cash	\$ 94,105	\$ 31,870	\$ 153,881
Accounts receivable	32,875	13,488	370
Taxes receivable			888
<u>TOTAL ASSETS</u>	<u>\$ 126,980</u>	<u>\$ 45,358</u>	<u>\$ 155,139</u>
 <u>LIABILITIES & FUND EQUITY</u>			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Accrued salaries & wages	1,454	1,813	532
Deferred revenue			-
Total Liabilities	<u>1,454</u>	<u>1,813</u>	<u>532</u>
Fund equity:			
Fund balance:			
Undesignated	<u>125,526</u>	<u>43,545</u>	<u>154,607</u>
Total Fund Equity	<u>125,526</u>	<u>43,545</u>	<u>154,607</u>
<u>TOTAL LIABILITIES & FUND EQUITY</u>	<u>\$ 126,980</u>	<u>\$ 45,358</u>	<u>\$ 155,139</u>

REFUSE/ SANITATION	DRUG FORFEITURE	FIRE	TOTALS JUNE 30,	
			2005	2004
\$ 150,790	\$ 834	\$ 43,208	\$ 474,688	\$ 692,598
33,777			80,510	105,563
162		1,447	2,497	979
<u>\$ 184,729</u>	<u>\$ 834</u>	<u>\$ 44,655</u>	<u>\$ 557,695</u>	<u>\$ 799,140</u>
-		\$ 131	\$ 131	\$ 3,155
\$ 727		1,032	5,558	4,739
		-	-	47,203
<u>727</u>		<u>1,163</u>	<u>5,689</u>	<u>55,097</u>
184,002	\$ 834	43,492	552,006	744,043
184,002	834	43,492	552,006	744,043
<u>\$ 184,729</u>	<u>\$ 834</u>	<u>\$ 44,655</u>	<u>\$ 557,695</u>	<u>\$ 799,140</u>

VILLAGE OF CARO
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 2005

	<u>MAJOR STREET & TRUNKLINE</u>	<u>LOCAL STREET</u>	<u>MUNICIPAL STREET</u>
REVENUE:			
Taxes	\$ 79,978	\$ 39,793	\$ 206,383
Intergovernmental revenue	2,070,725	83,378	-
Charges for services	-	-	-
Miscellaneous	8,120	1,766	4,103
	<u>2,158,823</u>	<u>124,937</u>	<u>210,486</u>
TOTAL REVENUE			
EXPENDITURES:			
Streets	2,466,832	177,767	82,987
Refuse			
Fire			
	<u>2,466,832</u>	<u>177,767</u>	<u>82,987</u>
TOTAL EXPENDITURES			
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(308,009)	(52,830)	127,499
OTHER FINANCING SOURCES (USES):			
Loan proceeds	-	-	
Operating transfers in	95,000	12,000	-
Operating transfers out	-	-	(80,000)
	<u>(213,009)</u>	<u>(40,830)</u>	<u>47,499</u>
EXCESS OF REVENUE & OTHER SOURCES OVER (UNDER) EXPENDITURES & OTHER USES			
FUND BALANCE - JULY 1	<u>338,535</u>	<u>84,375</u>	<u>107,108</u>
FUND BALANCE - JUNE 30	<u>\$ 125,526</u>	<u>\$ 43,545</u>	<u>\$ 154,607</u>

REFUSE/ SANITATION	DRUG FORFEITURE	FIRE	TOTALS JUNE 30,	
			2005	2004
\$ 37,794			\$ 363,948	\$ 349,363
-			2,154,103	1,227,152
334,126		\$ 91,734	425,860	435,036
3,430	\$ 15	30,637	48,071	77,461
<u>375,350</u>	<u>15</u>	<u>122,371</u>	<u>2,991,982</u>	<u>2,089,012</u>
			2,727,586	1,795,817
363,567			363,567	346,674
		155,021	155,021	349,264
<u>363,567</u>	<u></u>	<u>155,021</u>	<u>3,246,174</u>	<u>2,491,755</u>
11,783	15	(32,650)	(254,192)	(402,743)
		-	-	280,964
-	-	66,368	173,368	300,209
-		(31,213)	(111,213)	(311,437)
<u>11,783</u>	<u>15</u>	<u>2,505</u>	<u>(192,037)</u>	<u>(133,007)</u>
172,219	819	40,987	744,043	877,050
<u>\$ 184,002</u>	<u>\$ 834</u>	<u>\$ 43,492</u>	<u>\$ 552,006</u>	<u>\$ 744,043</u>

VILLAGE OF CARO
MAJOR STREET AND TRUNKLINE FUND
STATEMENT OF REVENUE, EXPENDITURES
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2005

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
REVENUE:			
Taxes - county road levy	<u>\$ 79,978</u>	<u>\$ 79,978</u>	<u>-</u>
Intergovernmental revenue:			
Gas & weight tax	195,233	192,493	\$ (2,740)
M-81 Project	-	1,846,049	1,846,049
Trunkline maintenance	<u>32,183</u>	<u>32,183</u>	<u>-</u>
Total Intergovernmental Revenue	<u>227,416</u>	<u>2,070,725</u>	<u>1,843,309</u>
Miscellaneous revenue:			
Interest income	2,700	3,573	873
Miscellaneous	<u>3,800</u>	<u>4,547</u>	<u>747</u>
Total Miscellaneous Revenue	<u>6,500</u>	<u>8,120</u>	<u>1,620</u>
TOTAL REVENUE	<u>313,894</u>	<u>2,158,823</u>	<u>1,844,929</u>
EXPENDITURES:			
Construction	433,088	2,279,213	(1,846,125)
Routine maintenance - street & storm sewers	113,917	119,439	(5,522)
Trees & shrubs	-	61	(61)
Snow & ice controls	17,376	17,118	258
Sweeping & flushing	9,090	9,081	9
Draining, signs & signals	10,200	9,327	873
Administrative	<u>32,502</u>	<u>32,593</u>	<u>(91)</u>
TOTAL EXPENDITURES	616,173	2,466,832	(1,850,659)
OTHER FINANCING SOURCES (USES):			
Operating transfers in	95,000	95,000	-
Operating transfers out	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES):	95,000	95,000	-
EXCESS OF REVENUE & OTHER SOURCES OVER (UNDER) EXPENDITURES & OTHER USES	<u>(207,279)</u>	<u>(213,009)</u>	<u>(5,730)</u>
FUND BALANCE - JULY 1	<u>338,535</u>	<u>338,535</u>	<u>-</u>
FUND BALANCE - JUNE 30	<u>\$ 131,256</u>	<u>\$ 125,526</u>	<u>\$ (5,730)</u>

VILLAGE OF CARO
LOCAL STREET FUND
STATEMENT OF REVENUE, EXPENDITURES
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2005

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
REVENUE:			
Taxes - County bridge levy	<u>\$ 39,793</u>	<u>\$ 39,793</u>	<u>-</u>
Intergovernmental revenue:			
Gas & weight tax	<u>77,885</u>	<u>83,378</u>	<u>\$ 5,493</u>
Miscellaneous revenue:			
Interest income	<u>432</u>	<u>563</u>	<u>131</u>
Miscellaneous	<u>460</u>	<u>1,203</u>	<u>743</u>
Total Miscellaneous Revenue	<u>892</u>	<u>1,766</u>	<u>874</u>
TOTAL REVENUE	<u>118,570</u>	<u>124,937</u>	<u>6,367</u>
EXPENDITURES:			
Construction - street & storm sewers	<u>600</u>	<u>-</u>	<u>600</u>
Routine maintenance - street & storm sewers	<u>140,408</u>	<u>148,516</u>	<u>(8,108)</u>
Administrative	<u>29,624</u>	<u>29,251</u>	<u>373</u>
TOTAL EXPENDITURES	<u>170,632</u>	<u>177,767</u>	<u>(7,135)</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>(52,062)</u>	<u>(52,830)</u>	<u>(768)</u>
OTHER FINANCING SOURCES (USES):			
Operating transfers in	<u>12,000</u>	<u>12,000</u>	<u>-</u>
EXCESS OF REVENUE & OTHER SOURCES OVER (UNDER) EXPENDITURES	<u>(40,062)</u>	<u>(40,830)</u>	<u>(768)</u>
FUND BALANCE - JULY 1	<u>84,375</u>	<u>84,375</u>	<u>-</u>
FUND BALANCE - JUNE 30	<u>\$ 44,313</u>	<u>\$ 43,545</u>	<u>\$ (768)</u>

VILLAGE OF CARO
MUNICIPAL STREET FUND
STATEMENT OF REVENUE, EXPENDITURES
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2005

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
REVENUE:			
Taxes - Current property tax levy	<u>\$ 205,609</u>	<u>\$ 206,383</u>	<u>\$ 774</u>
Miscellaneous Revenue:			
Sidewalk assessments	<u>-</u>	<u>-</u>	<u>-</u>
Interest income	<u>2,792</u>	<u>4,103</u>	<u>1,311</u>
Total Miscellaneous Revenue	<u>2,792</u>	<u>4,103</u>	<u>1,311</u>
TOTAL REVENUE	<u>208,401</u>	<u>210,486</u>	<u>2,085</u>
EXPENDITURES:			
Alleys & sidewalks	<u>14,580</u>	<u>13,187</u>	<u>1,393</u>
Administrative	<u>23,148</u>	<u>22,725</u>	<u>423</u>
Parking Lots	<u>48,959</u>	<u>47,075</u>	<u>1,884</u>
TOTAL EXPENDITURES	<u>86,687</u>	<u>82,987</u>	<u>3,700</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>121,714</u>	<u>127,499</u>	<u>5,785</u>
OTHER FINANCING SOURCES (USES):			
Operating transfers out	<u>(80,000)</u>	<u>(80,000)</u>	<u>-</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES & OTHER USES	<u>41,714</u>	<u>47,499</u>	<u>5,785</u>
FUND BALANCE - JULY 1	<u>107,108</u>	<u>107,108</u>	<u>-</u>
FUND BALANCE - JUNE 30	<u>\$ 148,822</u>	<u>\$ 154,607</u>	<u>\$ 5,785</u>

VILLAGE OF CARO
REFUSE/SANITATION FUND
STATEMENT OF REVENUE, EXPENDITURES
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2005

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
REVENUE:			
Taxes - Current tax levy	<u>\$ 37,653</u>	<u>\$ 37,794</u>	<u>\$ 141</u>
Charges for services:			
Rubbish/trash	<u>335,063</u>	<u>334,126</u>	<u>(937)</u>
Miscellaneous revenue:			
Miscellaneous income	<u>2,015</u>	<u>3,430</u>	<u>1,415</u>
TOTAL REVENUE	<u>374,731</u>	<u>375,350</u>	<u>619</u>
EXPENDITURES:			
Sanitation:			
Wages	19,200	19,768	(568)
Employee benefits	7,569	6,822	747
Miscellaneous supplies	11,950	11,880	70
Contracted services	316,500	314,095	2,405
Insurance	6,566	6,566	-
Equipment rental	2,000	1,593	407
Administration fee	-	-	-
Miscellaneous	<u>2,658</u>	<u>2,843</u>	<u>(185)</u>
TOTAL EXPENDITURES	<u>366,443</u>	<u>363,567</u>	<u>2,876</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	8,288	11,783	3,495
FUND BALANCE - JULY 1	<u>172,219</u>	<u>172,219</u>	<u>-</u>
FUND BALANCE - JUNE 30	<u>\$ 180,507</u>	<u>\$ 184,002</u>	<u>\$ 3,495</u>

VILLAGE OF CARO
DRUG FORFEITURE FUND
STATEMENT OF REVENUE, EXPENDITURES
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2005

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
REVENUE:			
Interest income	\$ 11	\$ 15	\$ 4
TOTAL REVENUE	<u>11</u>	<u>15</u>	<u>4</u>
EXPENDITURES:	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	11	15	4
OTHER FINANCING SOURCES (USES):			
Operating transfers in	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES & OTHER USES	11	15	4
FUND BALANCE - JULY 1	<u>819</u>	<u>819</u>	<u>-</u>
FUND BALANCE - JUNE 30	<u>\$ 830</u>	<u>\$ 834</u>	<u>\$ 4</u>

VILLAGE OF CARO
FIRE FUND
STATEMENT OF REVENUE, EXPENDITURES
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2005

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
REVENUE:			
Charges for Services:			
Fire Fees	\$ 81,152	\$ 81,151	\$ (1)
Surcharges	10,582	10,583	1
Total Charges for Services	<u>91,734</u>	<u>91,734</u>	<u>-</u>
Miscellaneous Revenue:			
USDA Grant	-	26,072	26,072
Interest income	688	712	24
Donations	625	625	-
Other	3,250	3,228	22
Total Miscellaneous Revenue	<u>4,563</u>	<u>30,637</u>	<u>46</u>
TOTAL REVENUE	<u>96,297</u>	<u>122,371</u>	<u>46</u>
EXPENDITURES:			
Salaries and wages	59,700	59,986	(286)
Fringe benefits	10,199	12,468	(2,269)
Supplies	15,577	15,789	(212)
Contracted Repairs	7,000	7,083	(83)
Grant expense	26,825	26,071	754
Capital Outlay	4,500	4,837	(337)
Telephone	1,225	1,199	26
Insurance	12,931	12,931	-
Administrative expense	10,000	10,000	-
Equipment rent	600	526	74
Miscellaneous	7,622	4,131	3,491
TOTAL EXPENDITURES	<u>156,179</u>	<u>155,021</u>	<u>1,158</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(59,882)	(32,650)	(27,232)
OTHER FINANCING SOURCES (USES):			
Bond proceeds	-	-	-
Operating transfers in	66,368	66,368	-
Operating transfers out	(31,213)	(31,213)	-
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES & OTHER USES	(24,727)	2,505	27,232
FUND BALANCE - JULY 1	<u>40,987</u>	<u>40,987</u>	<u>-</u>
FUND BALANCE - JUNE 30	<u>\$ 16,260</u>	<u>\$ 43,492</u>	<u>\$ 27,232</u>

VILLAGE OF CARO
DEBT SERVICE FUND
STATEMENT OF REVENUE, EXPENDITURES
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2005

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
REVENUE:			
Miscellaneous Revenue:			
Interest income	\$ 6	\$ 4	\$ (2)
Other	-	-	-
Total Miscellaneous Revenue	<u>6</u>	<u>4</u>	<u>(2)</u>
TOTAL REVENUE	<u>6</u>	<u>4</u>	<u>2</u>
EXPENDITURES:			
Principal	130,000	70,000	60,000
Interest	<u>81,852</u>	<u>42,220</u>	<u>39,632</u>
TOTAL EXPENDITURES	<u>211,852</u>	<u>112,220</u>	<u>99,632</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(211,846)	(112,216)	(99,630)
OTHER FINANCING SOURCES (USES):			
Loan proceeds	-	-	-
Operating transfers in	211,852	112,219	(99,633)
Operating transfers out	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES & OTHER USES	6	3	(3)
FUND BALANCE - JULY 1	<u>311</u>	<u>311</u>	<u>-</u>
FUND BALANCE - JUNE 30	<u>\$ 317</u>	<u>\$ 314</u>	<u>\$ (3)</u>

VILLAGE OF CARO
ENTERPRISE FUNDS
COMBINING BALANCE SHEET
June 30, 2005

			TOTALS	
			JUNE 30,	
	WATER	SEWAGE DISPOSAL	2005	2004
<u>ASSETS</u>				
Cash	\$ 374,251	\$ 334,929	\$ 709,180	\$ 647,816
Accounts receivable - net	84,418	80,267	164,685	147,460
Inventories	32,651	3,743	36,394	36,394
Prepaid interest	31,084	-	31,084	38,855
Special assessments receivable		-	-	-
Fixed assets	5,332,179	9,792,486	15,124,665	14,283,186
Less accumulated depreciation & amortization	(1,781,761)	(3,766,575)	(5,548,336)	(5,208,390)
Construction in progress	78,912	45,640	124,552	522,790
TOTAL ASSETS	<u>\$ 4,151,734</u>	<u>\$ 6,490,490</u>	<u>\$ 10,642,224</u>	<u>\$ 10,468,111</u>
<u>LIABILITIES & FUND EQUITY</u>				
Liabilities:				
Accounts payable	\$ 875	\$ 11,184	\$ 12,059	\$ 15,904
Customer deposits payable	4,900	-	4,900	4,000
Accrued salaries & wages	3,858	5,028	8,886	13,010
Due to other funds	80,000	48,900	128,900	48,900
Current maturities of long-term debt	117,409	72,800	190,209	185,209
Accrued interest payable	10,653	9,073	19,726	19,726
Revenue bonds payable - long-term	1,167,629	647,920	1,815,549	2,005,759
Total Liabilities	<u>1,385,324</u>	<u>794,905</u>	<u>2,180,229</u>	<u>2,292,508</u>
Fund Equity:				
Contributed capital	761,172	4,922,666	5,683,838	5,672,439
Retained earnings:				
Reserved for specific purpose	162,320	290,634	452,954	332,954
Unreserved	1,842,918	482,285	2,325,203	2,170,210
Total Fund Equity	<u>2,766,410</u>	<u>5,695,585</u>	<u>8,461,995</u>	<u>8,175,603</u>
TOTAL LIABILITIES & FUND EQUITY	<u>\$ 4,151,734</u>	<u>\$ 6,490,490</u>	<u>\$ 10,642,224</u>	<u>\$ 10,468,111</u>

VILLAGE OF CARO
ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUE, EXPENSES
AND CHANGE IN RETAINED EARNINGS
YEAR ENDED JUNE 30, 2005

			TOTALS	
			JUNE 30,	
	WATER	SEWAGE DISPOSAL	2005	2004
OPERATING REVENUE:				
Water & sewer system sales	\$ 672,659	\$ 666,694	\$ 1,339,353	\$ 1,301,258
Other services, charges & sales	644	45,189	45,833	80,837
Interest & penalties	10,776	-	10,776	4,169
Miscellaneous	24,024	50,105	74,129	10,136
TOTAL OPERATING REVENUE	708,103	761,988	1,470,091	1,396,400
OPERATING EXPENSES:				
Salaries & wages	123,664	162,809	286,473	319,240
Payroll taxes	9,332	12,596	21,928	23,831
Fringe benefits	29,175	38,998	68,173	80,036
Operating supplies	58,555	69,892	128,447	112,918
General fund administrative	10,000	-	10,000	10,000
Contracted services	34,917	75,394	110,311	115,561
Telephone	1,458	3,848	5,306	5,342
Insurance	20,998	35,771	56,769	37,495
Heat, light & power	66,722	92,261	158,983	135,804
Depreciation & amortization	131,752	205,683	337,435	332,914
Equipment rental	20,652	11,507	32,159	45,228
Other	17,925	24,567	42,492	109,355
TOTAL OPERATING EXPENSES	525,150	733,326	1,258,476	1,327,724
OPERATING INCOME (LOSS)	182,953	28,662	211,615	68,676
NON-OPERATING REVENUE (EXPENSES)				
Interest earned	1,001	5,920	6,921	236
Interest expense	(42,633)	(27,823)	(70,456)	(82,476)
TOTAL NON-OPERATING REVENUE (EXPENSES)	(41,632)	(21,903)	(63,535)	(82,240)
INCOME (LOSS) BEFORE OPERATING TRANSFERS IN (OUT)	141,321	6,759	148,080	(13,564)
OPERATING TRANSFERS IN	-	-	-	-
NET INCOME (LOSS)	141,321	6,759	148,080	(13,564)
ADD DEPRECIATION ON FIXED ASSET ACQUIRED BY GRANTS, ENTITLEMENT & SHARED REVENUES EXTERNALLY RESTRICTED FOR CAPITAL ACQUISITION & CONSTRUCTION THAT REDUCED CONTRIBUTED CAPITAL	-	126,913	126,913	126,913
RETAINED EARNINGS - JULY 1	1,863,917	639,247	2,503,164	2,389,815
RETAINED EARNINGS - JUNE 30	\$ 2,005,238	\$ 772,919	\$ 2,778,157	\$ 2,503,164

VILLAGE OF CARO
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2005

			TOTALS	
			JUNE 30,	
	WATER	SEWAGE DISPOSAL	2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net income (loss)	\$ 141,321	\$ 133,672	\$ 274,993	\$ 113,349
ADJUSTMENT TO RECONCILE NET INCOME TO CASH PROVIDED BY OPERATING ACTIVITIES:				
Depreciation and Amortization	131,752	205,683	337,435	332,914
CHANGE IN CURRENT ASSETS AND LIABILITIES:				
(Increase) decrease in accounts receivable	(5,109)	(12,116)	(17,225)	131,672
Increase (decrease) in accounts payable	348	(4,193)	(3,845)	(20,448)
Increase (decrease) in accrued expenses	(224)	(3,900)	(4,124)	6,519
Increase (decrease) in accrued interest payable	-	-	-	-
Increase (decrease) in customer deposits payable	900	-	900	1,550
Increase (decrease) in due to other funds	80,000	-	80,000	48,900
(Increase) decrease in construction in progress	401,643	(3,405)	398,238	(291,092)
(Increase) decrease in prepaid assets	7,771	-	7,771	7,771
NET CASH PROVIDED BY OPERATING ACTIVITIES	758,402	315,741	1,074,143	331,135
CASH FLOWS FROM INVESTING ACTIVITIES:				
Capital expenditures	(804,032)	(48,883)	(852,915)	(405,978)
Contributed capital	135,106	(117,335)	17,771	285,509
Sale of equipment	-	-	-	30,000
(Increase) decrease in bond closing costs	-	7,575	7,575	7,575
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(668,926)	(158,643)	(827,569)	(82,894)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Loan proceeds	-	-	-	-
Principal payment of long-term debt	(112,410)	(72,800)	(185,210)	(195,357)
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	(112,410)	(72,800)	(185,210)	(195,357)
NET INCREASE IN CASH & CASH EQUIVALENTS	(22,934)	84,298	61,364	52,884
CASH & CASH EQUIVALENTS AT BEGINNING OF YEAR	397,185	250,631	647,816	594,932
CASH & CASH EQUIVALENTS AT END OF YEAR	\$ 374,251	\$ 334,929	\$ 709,180	\$ 647,816

VILLAGE OF CARO
GOVERNMENTAL COMPONENT UNITS
BALANCE SHEET
June 30, 2005

		DOWNTOWN DEVELOPMENT AUTHORITY	
		JUNE 30,	
		2005	2004
<u>ASSETS</u>			
Cash		\$ 37,307	\$ 220,302
Accounts receivable		300	-
TOTAL ASSETS		<u>\$ 37,607</u>	<u>\$ 220,302</u>
 <u>LIABILITIES & FUND EQUITY</u>			
Liabilities:			
Accounts payable		-	-
Accrued salaries & wages		\$ 753	\$ 474
Deferred revenue		-	-
Total Liabilities		<u>753</u>	<u>474</u>
Fund Equity:			
Fund Balance:			
Undesignated		<u>36,854</u>	<u>219,828</u>
Total Fund Equity		<u>36,854</u>	<u>219,828</u>
TOTAL LIABILITIES & FUND EQUITY		<u>\$ 37,607</u>	<u>\$ 220,302</u>

VILLAGE OF CARO
GOVERNMENTAL COMPONENT UNITS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2005
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE
YEAR ENDED JUNE 30, 2004

DOWNTOWN DEVELOPMENT AUTHORITY				
2005				
	BUDGET	ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)	JUNE 30, 2004
REVENUE:				
Taxes	\$ 178,855	\$ 178,854	\$ (1)	\$ 172,081
Parking lots	23,600	23,600	-	23,600
Federal/state portion of streetscape	-	96,425	96,425	-
CDBG Parking Lot	-	-	-	47,541
Miscellaneous	9,317	10,318	1,001	48,848
TOTAL REVENUE	211,772	309,197	97,425	292,070
EXPENDITURES:				
Contract Services	159,685	238,109	(78,424)	188,050
Miscellaneous	51,278	47,244	4,034	55,204
Capital outlay	23,440	23,440	-	-
Building demo	50,227	50,227	-	6,044
Future Projects	6,519	6,519	-	-
TOTAL EXPENDITURES	291,149	365,539	(74,390)	249,298
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(79,377)	(56,342)	23,035	42,772
OTHER FINANCING SOURCES (USES):				
Loan proceeds	-	-	-	-
Principal payments	-	-	-	(5,515)
Operating transfers in	-	-	-	50,000
Operating transfers out	(126,632)	(126,632)	-	(96,820)
EXCESS OF REVENUE & OTHER SOURCES OVER (UNDER) EXPENDITURES & OTHER USES	(206,009)	(182,974)	23,035	(9,563)
FUND BALANCE - JULY 1	219,828	219,828	-	229,391
FUND BALANCE - JUNE 30	\$ 13,819	\$ 36,854	\$ 23,035	\$ 219,828

VILLAGE OF CARO
GENERAL FUND
SCHEDULE OF REVENUE
YEAR ENDED JUNE 30, 2005

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
REVENUE:			
Taxes:			
Current tax levy	\$ 885,361	\$ 886,923	\$ 1,562
Payments in lieu of taxes	6,532	6,820	288
Promotion tax levy	91,444	91,744	300
Delinquent tax - penalty & interest	527	527	-
Total Taxes	983,864	986,014	2,150
Licenses & permits	8,900	12,075	3,175
Intergovernmental Revenue:			
Federal	-	-	-
State of Michigan	464,805	460,067	(4,738)
Recreation grants & contributions	11,050	13,734	2,684
Total Intergovernmental Revenue	475,855	473,801	(2,054)
Charges For Services:			
DPW charges	-	-	-
Swimming pool & parks receipts	-	-	-
Rental of village property	159,211	159,461	250
Police receipts	4,533	4,603	70
Total Charges For Services	163,744	164,064	320
Fines & Forfeitures	4,300	4,500	200
Miscellaneous revenue:			
Interest income	9,868	11,490	1,622
Miscellaneous	4,480	3,528	(952)
Donations	25,804	28,875	3,071
Total Miscellaneous Revenue	40,152	43,893	3,741
TOTAL REVENUE	1,676,815	1,684,347	7,532
OTHER FINANCING SOURCES			
Loan proceeds	-	-	-
Sale of assets	-	-	-
Transfers in	18,626	18,626	-
TOTAL OTHER FINANCING SOURCES	18,626	18,626	-
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>\$ 1,695,441</u>	<u>\$ 1,702,973</u>	<u>\$ 7,532</u>

VILLAGE OF CARO
GENERAL FUND
SCHEDULE OF EXPENDITURES
YEAR ENDED JUNE 30, 2005

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
EXPENDITURES:			
Legislative:			
Salaries - council	\$ 14,568	\$ 13,415	\$ 1,153
Supplies and equipment	1,900	1,022	878
Insurance	1,294	1,293	1
Education and training	4,000	3,910	90
Miscellaneous	844	1,891	(1,047)
Total Legislative	<u>22,606</u>	<u>21,531</u>	<u>1,075</u>
Executive:			
Salaries	44,000	43,727	273
Fringe benefits	17,992	36,638	(18,646)
Office supplies & expenses	4,800	4,452	348
Technology	4,100	3,971	129
Contracted services	27,450	27,868	(418)
Telephone	3,150	3,154	(4)
Publishing of legal notices	1,300	1,289	11
Insurance	3,300	3,299	1
Equipment leases & maintenance	77	77	-
Education & training	5,356	5,356	-
Capital outlay	-	-	-
Tuscola County Airport Authority	15,227	15,227	-
Miscellaneous	795	971	(176)
Total Executive	<u>127,547</u>	<u>146,029</u>	<u>(18,482)</u>
Elections			
Wages	-	-	-
Supplies	-	-	-
Printing	358	358	-
Miscellaneous	-	-	-
Total Elections	<u>358</u>	<u>358</u>	<u>-</u>
Clerk/Treasurer:			
Salaries	35,705	35,013	692
Fringe benefits	10,594	10,136	458
Office supplies & expense	1,852	2,089	(237)
Technology	3,700	3,596	104
Bonds & insurance	3,259	3,259	-
Contracted services	3,400	3,165	94
Printing and publication	735	806	(71)
Education and training	363	363	-
Miscellaneous	1,917	1,913	4
Total Treasurer	<u>61,525</u>	<u>60,340</u>	<u>1,185</u>

VILLAGE OF CARO
GENERAL FUND
SCHEDULE OF EXPENDITURES
YEAR ENDED JUNE 30, 2005

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
EXPENDITURES, (Continued):			
Industrial Park:			
Salaries & wages	\$ 2,095	\$ 2,087	\$ 8
Fringe benefits	630	612	18
Contracted services	2,700	2,679	21
Insurance	7,310	7,310	-
Equipment rental	500	677	(177)
Supplies	600	424	176
Utilities	2,970	2,888	82
Miscellaneous	200	192	8
Bond/loan interest payment	12,903	12,903	-
Total Industrial Park	<u>29,908</u>	<u>29,772</u>	<u>136</u>
Village Buildings & Grounds:			
Salaries & wages	46,070	44,639	1,431
Fringe benefits	13,265	13,195	70
Supplies	12,000	11,639	361
Contracted services	21,507	19,243	2,264
Insurance	12,437	12,437	-
Heat, light & power	55,000	53,066	1,934
Property taxes	-	-	-
Equipment rental	32,500	32,328	172
Capital outlay	38,386	38,316	70
Miscellaneous	1,250	1,172	78
Contributions - other funds	(60,000)	(60,000)	-
Total Village Buildings & Grounds	<u>172,415</u>	<u>166,035</u>	<u>6,380</u>
Historical Center:			
Salaries & wages	1,175	1,112	63
Fringe benefits	363	341	22
Supplies	340	284	56
Heat, light & power	4,928	4,694	234
Equipment rental	350	315	35
Insurance	961	961	-
Miscellaneous	460	480	(20)
Total Historical Center	<u>8,577</u>	<u>8,187</u>	<u>390</u>

VILLAGE OF CARO
GENERAL FUND
SCHEDULE OF EXPENDITURES
YEAR ENDED JUNE 30, 2005

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
EXPENDITURES, (Continued):			
Police Department:			
Salaries & wages	\$ 457,527	\$ 444,243	\$ 13,284
Fringe benefits	134,976	123,118	11,858
Operating supplies	17,577	15,960	1,617
Contracted services	13,491	12,043	1,448
Telephone	5,800	5,361	439
Insurance	14,938	14,938	-
Capital outlay	43,000	40,593	2,407
Repairs	18,850	17,596	1,254
Miscellaneous	11,174	11,063	111
Education & training	3,450	3,372	78
Total Police Department	<u>720,783</u>	<u>688,287</u>	<u>32,496</u>
Planning/Zoning			
Salaries and wages	21,800	21,679	121
Fringe Benefits	4,635	4,548	87
Contracted Services	17,100	16,562	538
Operating Supplies	1,800	1,860	(60)
Miscellaneous	2,856	2,435	421
Education & training	-	-	-
Printing & Publication	3,270	3,650	(380)
Total Planning and Zoning	<u>51,461</u>	<u>50,734</u>	<u>727</u>
Public Works Department:			
Salaries & wages	88,890	88,832	58
Fringe benefits	16,412	26,089	(9,677)
Tools & supplies	11,103	10,790	313
Contracted services	1,507	1,797	(290)
Street lighting	55,000	54,274	726
Insurance	7,451	7,451	-
Equipment rent	1,600	1,607	(7)
Education and training	851	851	-
Capital outlay	139	139	-
Miscellaneous	7,028	6,962	66
Total Public Works Department	<u>189,981</u>	<u>198,792</u>	<u>(8,811)</u>

VILLAGE OF CARO
GENERAL FUND
SCHEDULE OF EXPENDITURES
YEAR ENDED JUNE 30, 2005

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
EXPENDITURES, (Continued):			
Recreation Department:			
Salaries & wages	\$ 34,970	\$ 35,072	\$ (102)
Fringe benefits	8,383	8,477	(94)
Operating and maintenance supplies	5,200	5,077	123
Insurance	8,623	8,623	-
Telephone	975	887	88
Heat, light & power	15,480	11,370	4,110
Recreation programs	4,000	3,636	364
Contracted services	8,874	8,874	-
Equipment rent	17,150	19,321	(2,171)
Miscellaneous	765	782	(17)
Chippewa DNR Grant	18,950	18,598	352
Capital outlay	1,209	1,209	-
Total Recreation Department	<u>124,579</u>	<u>121,926</u>	<u>2,653</u>
Community Promotion:			
Salaries & wages	3,100	2,827	273
Fringe benefits	841	807	34
Supplies	2,500	2,291	209
Contracted services	225	216	9
Equipment rent	1,300	1,254	46
EDC annual	11,200	11,200	-
Miscellaneous	4,874	4,693	181
Total Community Promotion	<u>24,040</u>	<u>23,288</u>	<u>752</u>
Principal repayments	115,000	115,000	-
TOTAL EXPENDITURES	<u>1,648,780</u>	<u>1,630,279</u>	<u>18,501</u>
OTHER FINANCING USES			
Transfers out	<u>66,368</u>	<u>66,368</u>	<u>-</u>
TOTAL OTHER FINANCING USES:	<u>66,368</u>	<u>66,368</u>	<u>-</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 1,715,148</u>	<u>\$ 1,696,647</u>	<u>\$ 18,501</u>

VILLAGE OF CARO
WATER FUND
COMPARATIVE STATEMENTS OF REVENUE, EXPENSES
AND CHANGE IN RETAINED EARNINGS

	YEAR ENDED JUNE 30,	
	2005	2004
OPERATING REVENUE:		
Water system sales	\$ 672,659	\$ 676,537
Other services, charges & sales	644	16,610
Interest & penalties	10,776	4,169
Miscellaneous	24,024	2,056
TOTAL OPERATING REVENUE	708,103	699,372
OPERATING EXPENSES:		
Salaries & wages	123,664	133,236
Payroll taxes	9,332	10,168
Fringe benefits	29,175	36,249
Operating supplies	58,555	53,313
General fund administrative fee	10,000	10,000
Contracted services	34,917	23,563
Telephone	1,458	1,582
Insurance	20,998	12,905
Heat, light & power	66,722	59,499
Depreciation & amortization	131,752	128,195
Equipment rental	20,652	27,025
Other	17,925	9,155
TOTAL OPERATING EXPENSES	525,150	504,890
OPERATING INCOME (LOSS)	182,953	194,482
NON-OPERATING REVENUE (EXPENSES):		
Interest earned	1,001	164
Interest expense and fees	(42,633)	(52,278)
TOTAL NON-OPERATING REVENUE (EXPENSES)	(41,632)	(52,114)
NET INCOME	141,321	142,368
ADD DEPRECIATION ON FIXED ASSETS ACQUIRED BY GRANTS, ENTITLEMENTS & SHARED REVENUES EX- TERNALLY RESTRICTED FOR CAPITAL ACQUISITIONS & CONSTRUCTION THAT REDUCES CONTRIBUTED CAPITAL	-	-
RETAINED EARNINGS - JULY 1	1,863,917	1,721,549
RETAINED EARNINGS - JUNE 30	\$ 2,005,238	\$ 1,863,917

VILLAGE OF CARO
SEWAGE DISPOSAL FUND
COMPARATIVE STATEMENTS OF REVENUE, EXPENSES
AND CHANGE IN RETAINED EARNINGS

	YEAR ENDED JUNE 30,	
	2005	2004
OPERATING REVENUE:		
Sewer system sales	\$ 666,694	\$ 624,721
Other services, charges & sales	45,189	64,227
Miscellaneous	50,105	8,080
TOTAL OPERATING REVENUE	761,988	697,028
OPERATING EXPENSES:		
Salaries & wages	162,809	186,004
Payroll taxes	12,596	13,663
Fringe benefits	38,998	43,787
Operating supplies	69,892	59,605
Contracted services	75,394	91,998
Telephone	3,848	3,760
Insurance	35,771	24,590
Heat, light & power	92,261	76,305
Depreciation & amortization	205,683	204,719
Equipment rental	11,507	18,203
Other	24,567	100,200
TOTAL OPERATING EXPENSES	733,326	822,834
OPERATING INCOME (LOSS)	28,662	(125,806)
NON-OPERATING REVENUE (EXPENSES):		
Interest earned	5,920	72
Interest expense and fees	(27,823)	(30,198)
TOTAL NON-OPERATING REVENUE (EXPENSES)	(21,903)	(30,126)
NET INCOME (LOSS)	6,759	(155,932)
ADD DEPRECIATION ON FIXED ASSETS ACQUIRED BY GRANTS, ENTITLEMENTS & SHARED REVENUES EX- TERNALLY RESTRICTED FOR CAPITAL ACQUISITIONS & CONSTRUCTION THAT REDUCES CONTRIBUTED CAPITAL	126,913	126,913
RETAINED EARNINGS - JULY 1	639,247	668,266
RETAINED EARNINGS - JUNE 30	\$ 772,919	\$ 639,247

VILLAGE OF CARO
MAJOR STREET AND TRUNKLINE AND LOCAL STREET FUNDS
SCHEDULE OF EXPENDITURES
YEAR ENDED JUNE 30, 2005

	<u>MAJOR STREET & TRUNKLINE</u>	<u>LOCAL STREET</u>
EXPENDITURES:		
Construction - roads, streets & storm sewers:		
Contracted services	\$ 2,279,213	
Total Construction - road, streets & storm sewers	<u>2,279,213</u>	<u>-</u>
Routine Maintenance - streets & storm sewers		
Labor	27,620	\$ 38,659
Benefits	7,642	10,467
Equipment rent	43,101	65,637
Materials	8,686	13,805
Contracted services	31,898	18,982
Miscellaneous	492	966
Total Routine Maintenance - streets & storm sewers	<u>119,439</u>	<u>148,516</u>
Trees & Shrubs:		
Labor	19	
Benefits	1	
Equipment rent	41	
Total Trees & Shrubs	<u>61</u>	<u>-</u>
Snow & Ice Control:		
Labor	5,803	
Benefits	1,627	
Equipment rent	9,688	
Total Snow & Ice Control	<u>17,118</u>	<u>-</u>
Sweeping & Flushing:		
Labor	1,738	-
Benefits	475	-
Equipment rent	6,868	-
Total Sweeping & Flushing	<u>9,081</u>	<u>-</u>

VILLAGE OF CARO
MAJOR STREET AND TRUNKLINE AND LOCAL STREET FUNDS
SCHEDULE OF EXPENDITURES
YEAR ENDED JUNE 30, 2005

	<u>MAJOR STREET & TRUNKLINE</u>	<u>LOCAL STREET</u>
EXPENDITURES, (Continued):		
Drainage, Signs & Signals:		
Labor	\$ 5,726	
Benefits	2,085	
Supplies	8	
Equipment rent	670	
Contracted Services	838	
	<hr/>	<hr/>
Total Drainage, Signs & Signals	9,327	
	<hr/>	<hr/>
Administration:		
General fund administration	27,218	\$ 24,216
Contracted services	4,216	1,155
Insurance	1,159	3,880
	<hr/>	<hr/>
Total Administration	32,593	29,251
	<hr/>	<hr/>
TOTAL EXPENDITURES	<u>\$ 2,466,832</u>	<u>\$ 177,767</u>

VILLAGE OF CARO
PENSION PLAN
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS

<u>ACTUARIAL VALUATION DATE</u>	<u>ACTUARIAL VALUE OF ASSETS</u>	<u>ACTUARIAL ACCRUED LIABILITY (AAL) - ENTRY AGE</u>	<u>UNFUNDED AAL (UAAL)</u>	<u>FUNDED RATIO</u>	<u>COVERED PAYROLL</u>	<u>UAAL AS A PERCENTAGE OF COVERED PAYROLL</u>
August 1, 2002	976,887	1,088,252	(111,365)	89.77%	347,650	32.03%
August 1, 2003	965,685	1,010,711	(45,026)	95.55%	152,963	29.44%
August 1, 2004	1,099,494	1,099,791	(297)	99.97%	157,735	0.19%